

Regular Session, 2009

SENATE BILL NO. 156

BY SENATOR LAFLEUR

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

INSURERS. Provides for licensing and continuing education requirements for insurance producers. (8/15/09)

AN ACT

To amend and reenact R.S. 22:1545(C), 1546(D), 1547(A), the introductory paragraph of R.S. 22:1547(I), R.S. 22:1551(C), 1571(A)(1), (B), (C)(4), and (E), and 1573(B), (C), (D), (E) and the introductory paragraph of R.S. 22:1573(I)(1)(a) and R.S. 44:4.1(B)(10) and to repeal R.S. 22:1545(F), 1546(B)(3), 1553(C), 1572, and 1573(F)(2), relative to insurance producers; to provide for exemptions to prelicensing education requirements; to provide for the fingerprinting and criminal history check of applicants; to provide for confidentiality; to provide for application for license; to provide for lines of authority for licenses; to provide for exemptions from licensing examinations; to provide for prelicensing requirements; to provide for prelicensing and continuing education programs; to abolish the Insurance Education Advisory Council; to repeal certain temporary licenses; to provide for continuing education requirements; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:1545(C), 1546(D), 1547(A), the introductory paragraph of R.S. 22:1547(I), R.S. 22:1551(C), 1571(A)(1), (B), (C)(4), and (E), and 1573(B), (C), (D), (E) and the introductory paragraph of R.S. 22:1573(I)(1)(a) are hereby amended and reenacted

to read as follows:

§1545. Examination

* * *

C. (1) Any person applying for a license as an insurance producer, prior to taking the examination required by this Subpart, shall file with the Department of Insurance, in a manner prescribed by the commissioner, certification that the applicant has completed a registered prelicensing program certified by the commissioner pursuant to R.S. 22:1571.

(2) This Subsection shall not apply to any applicant seeking authorization to write ~~industrial fire, fidelity and~~ **limited life, health and accident** surety, ~~vehicle physical damage, title, surplus lines, or credit life, credit accident and health, credit property and casualty, or variable annuity~~ insurance business only.

(3) A person applying for a license as an insurance producer for authorization to write life insurance and having any of the following designations: Certified Employee Benefit Specialist (CEBS), Chartered Financial Consultant (ChFC), Certified Insurance Counselor (CIC), Certified Financial Planner (CFP), Chartered Life Underwriter (CLU), The Fellow, Life Management Institute (FLMI) or The LUTC Fellow Designation (LUTCF) shall be exempt from any prelicensing education requirements.

(4) A person applying for a license as an insurance producer for authorization to write health and accident insurance and having any of the following designations: Registered Health Underwriter (RHU), Certified Employee Benefit Specialist (CEBS), Registered Employee Benefits Consultant (REBC) or Health Insurance Associate (HIA) shall be exempt from any prelicensing education requirements.

(5) A person applying for a license as an insurance producer for authorization to write property or casualty insurance and having any of the following designations: Accredited Advisor in Insurance Program (AAI), Associate in Risk Management (ARM), Certified Insurance Counselor (CIC) or

1 Chartered Property and Casualty Underwriter (CPCU) shall be exempt from
2 any prelicensing education requirements.

3 (6) A person applying for a license as an insurance producer to write any
4 line of insurance and having a bachelor's degree or higher from an accredited
5 college or university with major course work in insurance shall be exempt from
6 any prelicensing education requirements.

7 * * *

8 §1546. Application for license

9 * * *

10 D.(1) The commissioner of insurance may require any documents deemed
11 necessary to verify the information contained in an application.

12 (2) In order to make a determination of license eligibility, the
13 commissioner of insurance may require fingerprints of applicants and submit
14 the fingerprints and the fee required to perform the criminal history record
15 checks to the Louisiana Bureau of Criminal Identification and Information and
16 the Federal Bureau of Investigation (FBI) for state and national criminal
17 history record checks. The commissioner of insurance shall require a criminal
18 history record check on each applicant in accordance with this Subpart. The
19 commissioner of insurance shall require each applicant to submit a full set of
20 fingerprints in order for the commissioner of insurance to obtain and receive
21 National Criminal History Records from the FBI Criminal Justice Information
22 Services Division.

23 (3) The commissioner of insurance may contract for the collection,
24 transmission, and re-submission of fingerprints required under this Section. If
25 the commissioner of insurance does so, the fee for collecting and transmitting
26 fingerprints and the fee for the criminal history record check shall be payable
27 directly to the contractor by the applicant. The commissioner of insurance may
28 agree to a reasonable fingerprinting fee to be charged by the contractor.

29 (4) The commissioner of insurance may receive criminal history record

1 information in lieu of the Louisiana Bureau of Criminal Identification and
2 Information that submitted the fingerprints to the FBI.

3 (5) The commissioner of insurance shall treat and maintain an
4 applicant's fingerprints and any criminal history record information obtained
5 under this Section as confidential and shall apply security measures consistent
6 with the Criminal Justice Information Services Division of the Federal Bureau
7 of Investigation standards for the electronic storage of fingerprints and
8 necessary identifying information and limit the use of records solely to the
9 purposes authorized in this Section. The fingerprints and any criminal history
10 record information shall be exempt from the public records law (R.S. 44:1 et
11 seq.), shall not be subject to subpoena, other than a subpoena issued in a
12 criminal proceeding or investigation, and shall be confidential by law and
13 privileged, and shall not be subject to discovery or admissible in evidence in any
14 private civil action.

15 * * *

16 §1547. License

17 A. Unless denied licensure pursuant to R.S. 22:1554, persons who have met
18 the requirements of this Subpart shall be issued an insurance producer license. An
19 insurance producer may receive qualification for a license in one or more of the
20 following lines of authority:

21 (1) Life, which provides insurance coverage on human lives **including**
22 **benefits of endowment and annuities,** and may include benefits in the event of
23 death or dismemberment by accident and benefits for disability income.

24 (2) Health and accident, which provides insurance coverage for sickness,
25 bodily injury, or accidental death, and may include benefits for disability income.

26 (3) ~~Annuities~~ **Variable life and variable annuity products,** which includes
27 variable life and variable annuity products.

28 (4) Property, which provides insurance coverage for the direct or
29 consequential loss or damage to property of every kind. ~~A license for property~~

1 insurance shall be for either personal lines, defined as property insurance coverage
2 sold to individuals and families for primarily noncommercial purposes, or
3 commercial lines, defined as anything other than personal lines, or both.

4 (5) Casualty, which provides insurance coverage against legal liability,
5 including that for death, injury or disability, or damage to real or personal property.
6 A license for casualty insurance shall be for either personal lines, defined as casualty
7 insurance coverage sold to individuals and families for primarily noncommercial
8 purposes, or commercial lines, defined as anything other than personal lines, or both.

9 **(6) Personal lines, which provides property and casualty insurance**
10 **coverage to individuals and families for primarily noncommercial purposes.**

11 ~~(6)~~ **(7) Title.**

12 ~~(7)~~ **(8) Credit life: which includes credit life, credit disability, credit**
13 **property, credit unemployment, involuntary unemployment, mortgage life,**
14 **mortgage guaranty, mortgage disability, guaranteed automobile protection**
15 **insurance, or any other form of insurance offered in connection with an**
16 **extension of credit to partially or wholly extinguish that credit obligation and**
17 **that is designated by the insurer as limited line credit insurance. The amount**
18 **of credit insurance issued pursuant to a credit transaction shall not exceed the**
19 **total sum payable under the contract including all loan finance and credit**
20 **service charges.**

21 ~~(8)~~ Credit health and accident.

22 ~~(9)~~ Credit property and casualty.

23 ~~(10)~~ Repealed by Acts 2006, No. 335, §1, eff. June 13, 2006.

24 ~~(11)~~ **(9) Travel which provides insurance coverage for trip cancellation,**
25 **trip interruption, baggage, life, sickness and accident, disability, and personal**
26 **effects when limited to a specific trip and sold in connection with transportation**
27 **provided by a common carrier.**

28 ~~(12)~~ Baggage.

29 ~~(13)~~ **(10) Industrial Limited life, health and accident,** which provides

insurance coverage pursuant to R.S. 22:142. A license for ~~industrial~~ **limited** life may allow the producer to sell life insurance in an amount not to exceed ~~fifteen~~ **thirty** thousand dollars when appointed by an insurer which meets the minimum financial requirements of, and is licensed pursuant to, R.S. 22:82(A)(1) or 112(A)(1), and when such policies are issued by said insurer.

~~(14) Industrial health and accident.~~

~~(15)~~ **(11)** Industrial fire.

~~(16) Fidelity and surety~~ **(12) Surety which provides insurance or bond that covers obligations to pay debts of, or answer for the default of another, including faithlessness in a position of public or private trust. For purpose of limited line licensing, surety does not include surety bail bonds.**

~~(17) Vehicle physical damage.~~

~~(18) Health maintenance organization subscriber agreements.~~

~~(19)~~ **(13)** Bail bonds.

~~(20) Home service life.~~

~~(21)~~ **(14)** Surplus lines, subject to the requirements of Subsection I of this Section.

~~(22)~~ **(15)** Any other line of insurance permitted under state laws or regulations.

* * *

I. Any licensed **property and casualty** insurance producer maintaining an office at a designated location in this state and having at least two years experience in the insurance business with an insurer or as an insurance producer may be licensed as a surplus lines broker as follows:

* * *

§1551. Exemption from examination

* * *

C. The following resident applicants shall be exempt from the requirement of an examination:

(1) Any applicant for a license covering the same line or lines of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within five years from the date of expiration of the previous license, unless such previous license was revoked or suspended or renewal was refused by the commissioner.

~~(2) As to life, health and accident insurance examinations, any applicant who has been conferred the Chartered Life Underwriters (CLU) designation by the American College of Life Underwriters and who is a member in good standing with a local chapter of the American Society of Chartered Life Underwriters.~~

~~(3) As to property and casualty insurance examinations, any applicant who has been conferred the Chartered Property and Casualty Underwriter (CPCU) designation by the American Institute for Property and Liability Underwriters, Incorporated, and who is in good standing with a local chapter of the Society of Chartered Property and Casualty Underwriters.~~

~~(4)~~ (2) Any applicant for a license to represent ~~an industrial~~ **a limited** life, health and accident, ~~service, nonprofit, or home service~~ insurer.

~~(5)~~ (3) Any applicant who shall be licensed to act only as a producer with respect to life, health, and accident insurance on borrowers or debtors **or with respect to property and casualty insurance on collateral and involuntary unemployment**, commonly known as credit life ~~or credit health and accident insurance and credit accidental death and dismemberment~~.

~~(6) Any applicant who shall be licensed to act only as a producer with respect to credit property and casualty insurance on collateral, commonly known as credit property and casualty insurance, including credit property insurance on which the licensed lender has a security interest, and involuntary unemployment.~~

~~(7)~~ (4) Any applicant who is a ticket selling agent of a railroad company, carrier by air, or public bus carrier, who shall act thereunder as an insurance producer only in reference to the issuance of accident or baggage insurance policies in connection with the transportation that accompanies the transportation ticket.

(8) ~~Repealed by Acts 2006, No. 335, §1, eff. June 13, 2006.~~

(9) (5) Producers of any other lines of insurance which the commissioner of insurance determines, by rule or regulation, do not require the professional competency tested by examination.

* * *

§1571. Registered insurance agent and bail agent prelicensing program

A.(1) The commissioner shall certify an educational program that meets the requirements of this Subpart and any rules or regulations promulgated pursuant to this Subpart as a registered insurance agent or bail agent prelicensing program. Any person who satisfactorily completes an educational program which has been certified as a registered insurance agent or bail agent prelicensing program pursuant to this Subpart shall satisfy the preexamination educational requirements of R.S. 22:1545(C)~~(C)~~**1545(E)**.

* * *

B. The commissioner shall promulgate rules and regulations setting forth guidelines and requirements for the content and conduct of a registered insurance agent or bail agent prelicensing program and for the procedure for certification of an instructional program as a registered insurance agent prelicensing program. The commissioner shall also promulgate, ~~after consultation with the Insurance Education Advisory Council~~, rules and regulations specifying the qualifications which each instructor in a registered insurance agent or bail agent prelicensing program shall possess. All such rules and regulations promulgated by the commissioner shall be promulgated pursuant to the provisions of the Administrative Procedure Act.

C. Each registered insurance agent or bail agent prelicensing program shall be conducted by one of the following:

* * *

(4) An organization recommended by ~~the Insurance Education Advisory Council~~ and certified by the commissioner of insurance.

* * *

1 E.(1) Each registered insurance agent prelicensing program ~~for life or health~~
 2 ~~and accident insurance agents~~ shall provide instruction by a qualified instructor in
 3 a structured setting **or by verifiable approved self-study** with a minimum of ~~sixteen~~
 4 **twenty** hours of supervised instruction **or self-study**, including instruction in
 5 applicable insurance principles, state laws and regulations, and ethical practices, **for**
 6 **each of the following lines of authority a license is sought: life, health and**
 7 **accident, property, casualty, and personal lines.**

8 ~~(2) Each registered insurance agent prelicensing program for insurance agents~~
 9 ~~other than life or health and accident insurance shall provide instruction by a~~
 10 ~~qualified instructor in a structured setting with a minimum of thirty-two hours of~~
 11 ~~supervised instruction, including instruction in applicable insurance principles, state~~
 12 ~~laws and regulations, and ethical practices.~~

13 ~~(3)~~ **(2)** Each registered bail agent prelicensing program shall provide
 14 instruction by a qualified instructor in a structured setting with a minimum of eight
 15 hours of supervised instruction, including instruction in applicable underwriting
 16 principles, state laws and regulations, and ethical practices.

17 * * *

18 §1573. Continuing education requirements

19 * * *

20 B. The commissioner shall promulgate rules and regulations setting forth
 21 guidelines and requirements for the content and conduct of continuing education
 22 programs and for the procedure for approval of a continuing education program. The
 23 commissioner shall also promulgate, ~~with the approval of the Insurance Education~~
 24 ~~Advisory Council~~, rules and regulations specifying the qualifications which each
 25 instructor in an approved continuing education program shall possess. All such rules
 26 and regulations promulgated by the commissioner shall be promulgated pursuant to
 27 the provisions of the Administrative Procedure Act. The continuing education
 28 program shall be conducted by one of the entities set forth in R.S. 22:1571(C).

29 C. Beginning with renewals effective in ~~1994~~ **2010**, life **insurance agents**

1 **and health** insurance agents shall complete ~~sixteen~~ **twenty-four** hours of approved
2 instruction **or verifiable approved self-study** prior to each renewal of license, **with**
3 **at least three hours dedicated to the subject of ethics.**

4 D. Beginning with renewals effective in 1993, insurance brokers, solicitors,
5 and agents authorized to write fire **property**, casualty, or fire **property** and casualty
6 **or personal lines** insurance business shall complete twenty-four hours of approved
7 instruction **or verifiable approved self-study** before each renewal of license.
8 ~~Beginning with renewals effective in 2007, three hours of approved instruction shall~~
9 ~~be dedicated to flood insurance. The dedication of approved instruction for flood~~
10 ~~insurance shall terminate with renewals effective 2008.~~ **Beginning with renewals**
11 **effective in 2011, at least three hours of approved instruction shall be dedicated**
12 **to the subject of ethics.**

13 E. For brokers, solicitors, and agents authorized both to write life, **health and**
14 **accident** insurance and **authorized** to write fire **property**, casualty, or fire **property**
15 and casualty **or personal lines** insurance business, the continuing education
16 requirement for renewal of license shall be **twenty-four hours of approved**
17 **instruction or verifiable approved self-study.** **Beginning with renewals effective**
18 **in 2011, at least three hours of approved instruction or verifiable approved self-**
19 **study shall be dedicated to the subject of ethics.** as follows:

20 (1) ~~Twelve hours of approved life, health and accident insurance instruction~~
21 ~~for renewal of the life, health and accident insurance license.~~

22 (2) ~~Twenty hours of approved property and casualty instruction for renewal~~
23 ~~of the property and casualty license. Beginning with renewals effective in 2007, three~~
24 ~~hours of approved instruction shall be dedicated to flood insurance. The dedication~~
25 ~~of approved instruction for flood insurance shall terminate with renewals effective~~
26 ~~2008.~~

27 * * *

28 I.(1)(a) The provisions of this Section, imposing continuing education
29 requirements for renewal of a license, shall not apply to any person sixty-five years

of age or older **on January 1, 2012**, who has at least fifteen years of experience as
a licensed agent, broker, or solicitor, and who either:

* * *

Section 2. R.S. 44:4.1(B)(10) is hereby amended and reenacted to read as follows:

§4.1. Exceptions

* * *

B. The legislature further recognizes that there exist exceptions, exemptions,
and limitations to the laws pertaining to public records throughout the revised
statutes and codes of this state. Therefore, the following exceptions, exemptions, and
limitations are hereby continued in effect by incorporation into this Chapter by
citation:

* * *

(10) R.S. 22:2, 14, 88, 244, 461, 572, 574, 618, 706, 732, 752, 1203, 1460,
1466, **1546**, 1644, 1656, 1723, 1929, 1983, 2036

* * *

Section 3. R.S. 22:1545(F), 1546(B)(3), 1553(C), 1572, and 1573(F)(2) are hereby
repealed in their entirety.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Cheryl Horne.

DIGEST

Present law requires any person applying for a license as an insurance producer to file with
the Dept. of Insurance certification that the applicant has completed a registered prelicensing
program certified by the commissioner prior to taking the exam.

Proposed law excludes from the licensing requirements any applicant seeking authorization
to write limited life, health and accident surety insurance or a person with the following
designation:

1. Certified Employee Benefit Specialist
2. Chartered Financial Consultant
3. Certified Insurance Counselor
4. Certified Financial Planner
5. Chartered Life Underwriter

6. Fellow, Life Management Institute

7. The LUTC Fellow Designation

Proposed law exempts a person applying for a license as an insurance producer for authorization to write health and accident insurance and having the designation of Registered Health Underwriter, Certified Employee Benefit Specialist, Registered Employee Benefits Consultant or Health Insurance Associate from the prelicensing education requirements.

Proposed law exempts a person applying for a license as an insurance producer for authorization to write property or casualty insurance and having the designation of Accredited Advisor in Insurance Program, Associate in Risk Management, Certified Insurance Counselor or Chartered Property and Casualty Underwriter from prelicensing education requirements.

Proposed law exempts a person applying for a license as an insurance producer to write any line of insurance and having a bachelor's degree or higher from an accredited college or university with major course work in insurance from prelicensing education requirements.

Present law permits the commissioner of insurance to require any documents deemed necessary to verify the information contained in an application for a license. Proposed law retains present law and also permits the commissioner to require fingerprints of applicants and submission of the fingerprints to perform criminal history record checks to the Louisiana Bureau of Criminal Identification and Information as well as the FBI for state and national criminal history record checks.

Proposed law requires the commissioner to conduct a criminal history check including the submission of a full set of fingerprints on each new, in-state applicant to obtain and receive National Criminal History Records for the FBI Criminal Justice Information Services Division. Permits the commissioner to contact for the collection, transmission and re-submission of fingerprints. Requires payment of any fees to be paid directly to the contractor by the applicant. Permits the commissioner to receive criminal history record information in lieu of the Louisiana Bureau of Criminal Identification and Information that submitted the fingerprints to the FBI.

Proposed law requires the commissioner to treat and maintain an applicant's fingerprints and any criminal history record information as confidential and must apply security measures consistent with the Criminal Justice Information Services Division of the FBI standards for the electronic storage of fingerprints and necessary identifying information. Proposed law exempts fingerprints and any criminal history record information from the public records law and subpoena other than one issued in a criminal proceeding or investigation. Requires the fingerprints and criminal history record to be confidential by law and privileged and not subject to discovery or admissible in evidence in any private civil action.

Proposed law clarifies the lines of authority a licensed insurance producer may receive qualification for a license to one or more of the following:

1. Life, which provides coverage on human lives including benefits of endowment and annuities.
2. Health and accident, which provides coverage for sickness, bodily injury or accidental death.
3. Variable life and variable annuity products.
4. Property including damage to property of every kind and without regard to coverage sold to individuals and families for noncommercial purposes or commercial lines.

5. Casualty, including that for death, injury or disability, or damage to real or personal property.
6. Personal lines which provide property and casualty insurance coverage to individuals and families for primarily noncommercial purposes.
7. Title.
8. Credit, which includes credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability, guaranteed automobile protection insurance or any other form of insurance offered in connection with an extension of credit.
9. Travel which provides insurance coverage for trip cancellation, trip interruption, baggage, life, sickness and accident, disability and personal effects when limited to a specific trip and sold in connection with transportation provided by a common carrier.
10. Limited life, health and accident.
11. Industrial fire.
12. Surety, which provides insurance or bond that covers obligations to pay debts of or answer for the default of another, including faithlessness in a position of public or private trust.
13. Bail bonds.
14. Surplus lines.
15. Any other line of insurance permitted under state laws or regulations.

Proposed law requires each registered insurance agent prelicensing program to provide instruction by a qualified instructor in a structured setting or by verifiable approved self-study with a minimum of 20 hours of supervised instruction or self-study for each of the following lines of authority a license is sought: life, health and accident, property, casualty and personal lines.

Proposed law requires life insurance agents and health insurance agents to complete 24 hours of approved instruction or verifiable approved self-study with at least 3 hours dedicated to the subject of ethics beginning with renewals effective in 2010.

Proposed law requires brokers, solicitors and agents authorized both write life, health and accident insurance, and authorized to write property, casualty or property and casualty or personal lines to have 24 hours of approved instruction or verifiable approved self-study. Requires renewals beginning in 2011 to have at least 3 hours of approved instruction or verifiable approved self-study dedicated to the subject of ethics.

Proposed law imposing continuing education requirements for renewal of a license shall not apply to any person 65 years of age or older on January 1, 2012 and who has at least 15 years of experience as a licensed agent, broker, or solicitor.

Present law permits the commissioner to appoint an advisory committee for recommendations as to the scope, type and quality of examinations as well as study materials. Proposed law repeals present law.

Present law requires the Uniform Business Entity Application to be accompanied by a letter of good standing from the secretary of state's office for a corporation or limited liability

company or a current letter of registration for a partnership or limited liability partnership or current letter of good standing from a bank's chartering authority. Proposed law repeals present law. Present law requires the commissioner to grant temporary authority to act as a home service life insurance producer for a time period to commence with the date of certified mailing of the license application. Requires the sponsoring insurer to certify that the applicant will be primarily engaged in the selling and servicing of guaranteed life insurance products on the basis set forth in the home service marketing distribution system. Defines "home service marketing distribution system" as a system of marketing insurance products in which 50% or more of the premium income is derived from policies of insurance which are sold, serviced or collected by producers visiting in the home or business of the insured. Proposed law repeals present law.

Present law creates and establishes the responsibilities of the Insurance Education Advisory Council. Proposed law repeals present law.

Present law requires the Insurance Education and Advisory Council to accept, upon payment of a fee fixed by the council, applications from bail agents for the prelicensing and continuing education requirements. Proposed law repeals present law.

Effective August 15, 2009.

(Amends and reenacts R.S. 22:1545(C), 1546(D), 1547(A), R.S. 22:1547(I)(intro para), R.S. 22:1551(C), 1571(A)(1), (B), (C)(4), and (E), and 1573(B), (C), (D), (E) and (I)(1)(a)(intro para), and R.S. 44:4.1(B)(10) and repeals R.S. 22:1545(F), 1546(B)(3), 1553(C), 1572, and 1573(F)(2))